



**Press Release**  
**ART HOUSING FINANCE INDIA LIMITED - STAR 2**  
**December 04, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Pass Through Certificates (PTCs)	32.55	Provisional   ACUITE A-   SO   Assigned	-
Total Outstanding Quantum (Rs. Cr)	32.55	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long term rating of '**ACUITE PROVISIONAL A-(SO)**' (read as **ACUITE Provisional A minus (Structured Obligation)**) to the Pass Through Certificates (PTCs) of Rs. 32.55 Cr. proposed to be issued by STAR 2 (Trust) under a securitisation transaction originated by ART HOUSING FINANCE INDIA LIMITED (AHFIL) (The Originator). The PTCs are backed by a pool of secured housing loans with principal outstanding of Rs. 36.18 Cr.

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of

- (i) Overcollateralization of 10.00 percent of the pool principal;
- (ii) Cash collateral of 1.00 percent of the pool principal; and
- (iii) Excess Interest Spread of 33.08 percent of the pool principal.

The rating of the PTCs is provisional and shall be converted to final rating subject to the execution of the following documents:

1. Trust Deed
2. Deed of Assignment
3. Servicing Agreement
4. Legal Opinion
5. Final Term Sheet
6. Any other documents relevant to the transaction

**About the Originator**

Delhi based, Art Housing Finance (India) Limited was incorporated in 2013. Mr. Atul Hasmukhrai Mehta, Mr. Rahul Kumar Pandey, Mr. Shrenik Suresh Shah, Mrs. Ritika Bhatia, Mr. Vipin Jain are directors of the company.

The company is a subsidiary of Art business and consumer Finance (India) Private Limited. The company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987 as non deposit taking Housing Finance Company. The company provides long term finance for purchase/ construction/repair and renovation of new/existing flats/houses for residential purposes. The business is conducted through its branches in India and supported by a network of agents for sourcing loans.

Standalone Rating of the Originator (if rated by Acuite)

Acuite does not rate the originator

### **Assessment of the pool**

AHFIL had Assets under management of Rs. 539.08 Cr. as on March 31, 2025. The current pool being securitised comprises approximately 7 percent of the total AUM. The underlying pool in the current Pass Through Certificate (PTC) transaction comprises of housing loans extended towards 386 borrowers, with an average ticket size of Rs. 12.38 lakhs, minimum ticket size of Rs. 3.05 lakhs and maximum of Rs. 48.01 lakhs, indicating high granularity. The current average outstanding per borrower stands at Rs. 9.37 lakhs. The weighted average original tenure for the pool is 215 months. The pool has weighted average seasoning of 57.23 months (minimum 13 months seasoning and maximum of 103 months seasoning). Hence, the pool is moderately seasoned. All the loans under the pool are current as on pool cut-off date. The top 10 borrowers of pool constitute 8.44 percent of the pool principal o/s.

### **Credit Enhancements (CE)**

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of

- (i) Overcollateralization of 10.00 percent of the pool principal;
- (ii) Cash collateral of 1.00 percent of the pool principal; and
- (iii) Excess Interest Spread of 33.08 percent of the pool principal.

### **Transaction Structure**

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

### **Brief Methodology**

Parameters considered are seasoning of the pool, pool vs portfolio, portfolio cuts, amortisation of the pool, internal cash flow modeling, pool characteristics, static pool, dynamic DPDs to assign rating.

### **Legal Assessment**

The provisional rating is based on a draft term sheet. The conversion of rating from provisional to final, shall include, besides other documents, the legal opinion to the satisfaction of Acuité. The legal opinion shall cover, adherence to RBI guidelines, true sale, constitution of the trust, bankruptcy remoteness and other related aspects.

### **Key Risks**

#### **Counterparty Risks**

The pool has average ticket size of Rs. 9.37 lakhs, minimum ticket size of Rs. 3.05 lakhs and maximum of Rs. 48.01 lakhs. Considering the vulnerable credit profile of the borrowers, the risk of delinquencies/defaults are elevated. These risks of delinquencies are partly mitigated, considering the efficacy of the originator's origination and monitoring procedures.

#### **Concentration Risks**

The pool is moderately granular, i.e. underlying assets in the pool are in nature of secured home loans extended towards 386 individual borrowers, hence the risk is moderately mitigated. The top 10 borrowers of pool constitute 8.44 percent of the pool principal O/s

#### **Servicing Risk**

There is limited track record of servicing PTCs, since this one of the initial PTC transactions for the originator. Also, the vintage of the originator in this portfolio is low. Therefore, the servicing risk for the transaction remains high.

#### **Regulatory Risk**

In the event of a regulatory stipulation impacting the bankruptcy remoteness of the structure, the payouts to the PTC holders may be impacted.

#### **Prepayment Risk**

The pool is subject to prepayment risks since rate of interest is significantly high and borrowers may be inclined to shift to low cost options (based on availability). Further, the asset class

being housing loans, the risk of prepayment remains high. In case of significant prepayments, the PTC holders will be exposed to interest rate risks, since the cash flows from prepayment will have to be deployed at lower interest rates.

### Commingling Risk

The transaction is subject to commingling risk since there is a time gap between last collection date and transfer to payout account.

### Key Rating sensitivity

- Credit quality of the underlying pool
- Availability of credit enhancement for PTC payouts
- Adherence to terms and conditions, as stipulated in the Transaction Documents
- Credit profile of the originator

### All Covenants

The issuer has confirmed there are no covenants in the draft term sheet.

### All Assumptions

Acuité has arrived at a base case delinquency estimate basis its analysis of the company's historical static pool and further applied appropriate stress factors to the base loss figures to arrive at the final loss estimates. The loss estimate also consider the risk profile of the particular asset class, the borrower strata, economic risks, collection efficiency over the past several months as well as the credit quality of the originator. Acuité also has simulated the potential losses to an extent by applying sensitivity analysis.

### Liquidity Position

#### Adequate

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of

- Overcollateralization of 10.00 percent of the outstanding pool principal;
- Cash collateral of 1.00 percent of the pool principal; and
- Excess Interest Spread of 33.08 percent of the outstanding pool principal.

### Outlook: Not Applicable

### Key Financials - Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets**	Rs. Cr.	530.99	495.41
Total Income*	Rs. Cr.	68.41	65.23
PAT	Rs. Cr.	23.89	22.52
Net Worth	Rs. Cr.	453.18	436.74
Return on Average Assets (RoAA)	(%)	4.66	4.77
Return on Average Net Worth (RoNW)	(%)	5.37	5.25
Debt/Equity	Times	0.15	0.11
Gross NPA	(%)	0.74	1.65
Net NPA	(%)	0.39	0.79

\*Total income equals to Net Interest Income plus other income

\*\* Total Assets are adjusted for deferred tax assets

### Supplementary disclosures for Provisional Ratings

**Risks associated with the provisional nature of the credit rating**

In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuité will withdraw the existing provisional rating and concurrently assign a fresh final rating in the same press release, basis the revised terms of the transaction.

**Rating that would have been assigned in absence of the pending steps/ documentation**

In the absence of the pending steps/documents the PTC structure would have become null and void, and Acuité would not have assigned any rating.

**Timeline for conversion to Final Rating for a debt instrument proposed to be issued**

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

**Status of disclosure of all relevant information about the Obligation being Rated**

Non- Public information

**Any other information**

None

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

**Applicable Criteria**

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Securitized Transactions: <https://www.acuite.in/view-rating-criteria-48.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

**Rating History: Not Applicable****Rating History - Originator (if applicable):**

Acuite does not rate the originator

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Not Applicable	Not avl. / Not appl.	Pass Through Certificate	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.55	Highly Complex	Provisional   ACUITE A-   SO   Assigned

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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